

**CITY OF PRATT, KANSAS**

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2010

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For the Year Ended December 31, 2010

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Certified  
Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commissioners  
**City of Pratt, Kansas**  
Pratt, Kansas

We have audited the accompanying financial statements of **City of Pratt, Kansas**, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of **City of Pratt, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, **City of Pratt, Kansas**, has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **City of Pratt, Kansas**, as of December 31, 2010, or the changes in its financial position for the year then ended. Further, **City of Pratt, Kansas**, has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **City of Pratt, Kansas**, as of December 31, 2010, and their respective cash receipts and disbursements and budgetary results for the year then ended on the basis of accounting described in Note 1.

*Adams, Brown, Beran & Ball, Chtd.*

**ADAMS, BROWN, BERAN & BALL, CHTD.**  
Certified Public Accountants

June 20, 2011

**CITY OF PRATT, KANSAS**  
Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended December 31, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Fund Categories</b>							
General Fund							
General	\$ 2,427,079	980	4,367,973	4,943,928	1,852,104	44,486	1,896,590
Special Revenue Funds							
Library Fund	5,383	-	132,278	127,086	10,575	-	10,575
Cemetery Fund	802	-	29,635	30,180	57	562	619
Noxious Weed Fund	8,817	-	24,515	21,964	11,368	-	11,368
Tort Liability Fund	670,858	-	39,887	772	709,973	-	709,973
Special Highway Fund	167,869	-	533,208	688,686	12,391	5,482	17,873
Environmental Services Fund	-	-	-	-	-	-	-
Convention and Tourism Fund	519,316	-	291,851	228,656	582,511	18,299	600,810
Alcohol and Drug Safety Fund	7,852	-	67	-	7,919	-	7,919
Fire Fighting Equipment Fund	313	-	44,323	42,625	2,011	-	2,011
Special Police Fund	338,915	-	9,553	22,812	326,656	49	326,705
Risk Management Fund	-	-	-	-	-	-	-
Employees Health Insurance Fund	318,477	-	511	312,587	6,401	-	6,401
Special Parks and Recreation Fund	125,169	-	14,966	40,000	100,135	15,338	115,473
Special Alcohol Fund	5,959	-	13,778	15,549	4,188	-	4,188
Capital Equipment Reserve Fund	3,299,021	-	617,361	710,966	3,205,416	236,664	3,442,080
Special Street Reserves Fund	699,407	-	507,988	117,220	1,090,175	-	1,090,175
Capital Improvement Fund	1,378,178	316,676	167,646	738,359	1,124,141	351,265	1,475,406
Fire Fighting Equipment Reserve Fund	22,366	-	40,608	49,178	13,794	-	13,794
Debt Service Fund							
Bond and Interest Fund	1,958	-	489,295	445,045	46,208	-	46,208
Capital Project Fund							
Main Street Waterline Project Fund	-	-	218,133	218,133	-	-	-
<b>Proprietary Fund Category</b>							
Enterprise Funds							
Electric Utility Fund	4,297,207	-	9,740,905	10,396,737	3,641,375	432,378	4,073,753
Sanitation Fund	531,976	-	841,459	971,136	402,299	35,733	438,032
Wastewater Treatment Fund	705,719	-	721,517	769,294	657,942	12,904	670,846
Water Utility Fund	386,968	-	880,119	889,373	377,714	13,521	391,235
Electric Maintenance Reserve Fund	285,204	-	52,852	-	338,056	-	338,056
Electric Debt Service Fund	227,817	-	1,120,879	1,119,000	229,696	-	229,696
Wastewater Reserve Fund	332,013	-	78,384	-	410,397	-	410,397
Water Debt Service Fund	51,733	-	167,129	165,175	53,687	-	53,687
Water Reserve Fund	163,471	-	1,268	2,200	162,539	-	162,539
Water Debt Reserve Fund	249,280	-	2,329	-	251,609	-	251,609

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended December 31, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Fiduciary Fund Category</b>							
<b>Private Purpose Trust Funds</b>							
Park Improvement Trust Fund	\$ 130,573	-	1,250	-	131,823	-	131,823
Cemetery Trust Fund	392,588	-	6,893	4,182	396,299	3,755	399,054
Recreation Trust Fund	317,029	-	35,526	156,219	196,336	-	196,336
<b>Total Reporting Entity (Excluding Agency Funds)</b>	<b>\$ 18,069,117</b>	<b>317,656</b>	<b>21,194,084</b>	<b>23,227,062</b>	<b>16,353,795</b>	<b>1,170,436</b>	<b>17,524,231</b>
<b>Composition of Cash</b>							
							\$ 11,801,800
							5,815,626
							1,150
							17,618,576
							(94,345)
							\$ 17,524,231

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
Summary of Expenditures - Actual and Budget  
For the Year Ended December 31, 2010

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
<b>Governmental Fund Categories</b>					
<b>General Fund</b>					
General	\$ 5,252,698	-	5,252,698	<b>4,943,928</b>	(308,770)
<b>Special Revenue Funds</b>					
Library Fund	131,593	-	131,593	<b>127,086</b>	(4,507)
Cemetery Fund	44,200	-	44,200	<b>30,180</b>	(14,020)
Noxious Weed Fund	26,386	-	26,386	<b>21,964</b>	(4,422)
Tort Liability Fund	239,641	-	239,641	<b>772</b>	(238,869)
Special Highway Fund	702,211	-	702,211	<b>688,686</b>	(13,525)
Convention and Tourism Fund	247,605	-	247,605	<b>228,656</b>	(18,949)
Alcohol and Drug Safety Fund	1,427	-	1,427	-	(1,427)
Fire Fighting Equipment Fund	43,698	-	43,698	<b>42,625</b>	(1,073)
Special Police Fund	51,500	-	51,500	<b>22,812</b>	(28,688)
Employees Health Insurance Fund	312,587	-	312,587	<b>312,587</b>	-
Special Parks and Recreation Fund	40,000	-	40,000	<b>40,000</b>	-
Special Alcohol Fund	15,549	-	15,549	<b>15,549</b>	-
<b>Debt Service Fund</b>					
Bond and Interest Fund	456,720	-	456,720	<b>445,045</b>	(11,675)
<b>Proprietary Fund Category</b>					
<b>Enterprise Funds</b>					
Electric Utility Fund	13,732,786	-	13,732,786	<b>10,396,737</b>	(3,336,049)
Sanitation Fund	1,061,267	-	1,061,267	<b>971,136</b>	(90,131)
Wastewater Treatment Fund	856,264	-	856,264	<b>769,294</b>	(86,970)
Water Utility Fund	981,367	-	981,367	<b>889,373</b>	(91,994)
Electric Debt Service Fund	1,119,000	-	1,119,000	<b>1,119,000</b>	-
Water Debt Service Fund	165,175	-	165,175	<b>165,175</b>	-

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**General Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance- Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 1,061,293	1,121,114	1,045,903	75,211
Delinquent	6,533	16,099	-	16,099
Motor Vehicle	153,720	172,383	187,414	(15,031)
Sales Tax	1,582,862	1,391,432	1,150,000	241,432
Intergovernmental				
Local Alcohol Liquor	14,940	13,755	15,549	(1,794)
Connecting Links	38,631	38,658	38,500	158
Federal Aid	29,024	-	-	-
State Aid	3,870	-	-	-
Motor Fuel Tax Refund	12,456	19,240	10,000	9,240
Franchise Fees	310,812	282,008	277,000	5,008
Licenses, Fees and Permits	28,519	29,815	16,000	13,815
Charges for Services	124,886	129,752	95,600	34,152
Donations	466	7,526	-	7,526
Municipal Court Fines and Fees	99,081	107,191	91,500	15,691
Reimbursed Expenses	18,111	21,855	-	21,855
Interest Income	51,759	29,754	30,000	(246)
Sale of Assets	37,097	18,786	-	18,786
Miscellaneous Income	13,641	6,018	-	6,018
Transfers In	829,841	962,587	964,014	(1,427)
<b>Total Cash Receipts</b>	<b>\$ 4,417,542</b>	<b>4,367,973</b>	<b>3,921,480</b>	<b>446,493</b>

The notes to the financial statements are an integral part of this statement.



**CITY OF PRATT, KANSAS**  
**General Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Expenditures</b>				
City Commission	\$ 75,455	87,234	81,299	5,935
City Manager	186,246	193,382	191,361	2,021
City Attorney	51,245	52,204	91,679	(39,475)
City Clerk/Utility Billing	304,694	311,222	308,890	2,332
Finance	227,558	224,186	268,961	(44,775)
Police	1,182,840	1,242,582	1,312,068	(69,486)
Animal Control	46,016	46,923	54,460	(7,537)
Municipal Court	126,653	130,090	144,749	(14,659)
Fire Protection	171,568	199,784	184,351	15,433
Planning and Inspection	89,836	117,759	132,437	(14,678)
Parks	307,243	298,429	351,101	(52,672)
Swimming Pool	143,878	129,694	155,430	(25,736)
Municipal Building	30,890	32,552	33,281	(729)
Recreation	391,682	408,280	406,691	1,589
Public Works	23,709	20,091	27,163	(7,072)
Maintenance	145,002	160,147	204,827	(44,680)
Cemetery	97,749	118,169	112,507	5,662
Special Streets	278,145	313,346	343,605	(30,259)
Special Police	4,100	3,000	4,975	(1,975)
Industrial Development	82,041	78,859	79,598	(739)
Interest Payments - Bonds	17,125	-	-	-
Neighborhood Revitalization Rebate	160,828	108,597	89,930	18,667
Contingencies	15,137	21,398	27,335	(5,937)
Transfers Out	445,000	646,000	646,000	-
<b>Total Expenditures</b>	<b>4,604,640</b>	<b>4,943,928</b>	<b>5,252,698</b>	<b>(308,770)</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(187,098)</b>	<b>(575,955)</b>		
<b>Unencumbered Cash - Beginning</b>	<b>2,614,177</b>	<b>2,427,079</b>		
<b>Prior Year Cancelled Encumbrances</b>	<b>-</b>	<b>980</b>		
<b>Unencumbered Cash - Ending</b>	<b>\$ 2,427,079</b>	<b>1,852,104</b>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Library Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 103,983	<b>113,825</b>	111,568	2,257
Delinquent	600	<b>1,560</b>	-	1,560
Motor Vehicle	15,070	<b>16,893</b>	18,365	(1,472)
Miscellaneous Income	30	-	-	-
<b>Total Cash Receipts</b>	<u>119,683</u>	<u><b>132,278</b></u>	<u>129,933</u>	<u>2,345</u>
<b>Expenditures</b>				
Library Appropriations	105,526	<b>120,707</b>	122,000	(1,293)
Neighborhood Revitalization Rebate	15,758	<b>6,379</b>	9,593	(3,214)
<b>Total Expenditures</b>	<u>121,284</u>	<u><b>127,086</b></u>	<u>131,593</u>	<u>(4,507)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(1,601)	<b>5,192</b>		
<b>Unencumbered Cash - Beginning</b>	<u>6,984</u>	<u><b>5,383</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u><u>5,383</u></u>	<u><u><b>10,575</b></u></u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Cemetery Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Donations	\$ 25	240	-	240
Cemetery Services	19,910	15,700	24,000	(8,300)
Lot Sales	14,285	13,670	20,000	(6,330)
Reimbursed Expenses	-	25	-	25
Interest Income	20	-	200	(200)
<b>Total Cash Receipts</b>	<u>34,240</u>	<u>29,635</u>	<u>44,200</u>	<u>(14,565)</u>
<b>Expenditures</b>				
Personal Services	2,615	1,441	-	1,441
Contractual Services	5,235	3,418	8,850	(5,432)
Commodities	21,441	17,321	26,350	(9,029)
Capital Outlay	486	-	1,000	(1,000)
Contingencies	1,399	-	-	-
Transfers Out	2,500	8,000	8,000	-
<b>Total Expenditures</b>	<u>33,676</u>	<u>30,180</u>	<u>44,200</u>	<u>(14,020)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	564	(545)		
<b>Unencumbered Cash - Beginning</b>	<u>38</u>	<u>602</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>602</u>	<u>57</u>		

The notes to the financial statements are an integral part of this statement.

## CITY OF PRATT, KANSAS

## Noxious Weed Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2010

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 14,973	21,335	20,188	1,147
Delinquent	145	250	-	250
Motor Vehicle	3,442	2,803	2,632	171
Interest Income	259	127	-	127
<b>Total Cash Receipts</b>	18,819	24,515	22,820	1,695
<b>Expenditures</b>				
Contractual Services	208	25	3,000	(2,975)
Commodities	17,826	18,842	20,650	(1,808)
Neighborhood Revitalization Rebate	2,259	2,097	1,736	361
Transfers Out	6,000	1,000	1,000	-
<b>Total Expenditures</b>	26,293	21,964	26,386	(4,422)
<b>Cash Receipts Over (Under) Expenditures</b>	(7,474)	2,551		
<b>Unencumbered Cash - Beginning</b>	16,291	8,817		
<b>Unencumbered Cash - Ending</b>	\$ 8,817	11,368		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Tort Liability Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 6,948	7,936	7,456	480
Delinquent	40	104	-	104
Motor Vehicle	1,005	1,128	1,225	(97)
Interest Income	9,636	6,442	7,000	(558)
Miscellaneous Income	36,172	24,277	-	24,277
Transfers In	143,580	-	-	-
<b>Total Cash Receipts</b>	<u>197,381</u>	<u>39,887</u>	<u>15,681</u>	<u>24,206</u>
<b>Expenditures</b>				
Contractual Services	-	-	239,000	(239,000)
Neighborhood Revitalization Rebate	1,053	772	641	131
<b>Total Expenditures</b>	<u>1,053</u>	<u>772</u>	<u>239,641</u>	<u>(238,869)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	196,328	39,115		
<b>Unencumbered Cash - Beginning</b>	<u>474,530</u>	<u>670,858</u>		
<b>Unencumbered Cash - Ending</b>	<u>\$ 670,858</u>	<u>709,973</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Special Highway Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Gasoline Tax	\$ 161,452	<b>170,686</b>	185,740	(15,054)
Sales Tax	391,453	<b>359,782</b>	350,000	9,782
Interest Income	11,681	<b>2,502</b>	8,000	(5,498)
Miscellaneous Income	435	-	800	(800)
Reimbursed Expenses	-	<b>238</b>	500	(262)
<b>Total Cash Receipts</b>	<u>565,021</u>	<u><b>533,208</b></u>	<u>545,040</u>	<u>(11,832)</u>
<b>Expenditures</b>				
Personal Services	113,905	<b>114,992</b>	109,375	5,617
Contractual Services	23,411	<b>29,001</b>	38,100	(9,099)
Commodities	129,839	<b>150,822</b>	164,550	(13,728)
Capital Outlay	352,710	<b>293,185</b>	289,500	3,685
Principal Payments - KDOT Loans	58,030	<b>60,276</b>	60,276	-
Interest Payments - KDOT Loans	9,499	<b>7,399</b>	7,399	-
Service Fees	656	<b>511</b>	511	-
Transfers Out	45,000	<b>32,500</b>	32,500	-
<b>Total Expenditures</b>	<u>733,050</u>	<u><b>688,686</b></u>	<u>702,211</u>	<u>(13,525)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(168,029)	<b>(155,478)</b>		
<b>Unencumbered Cash - Beginning</b>	<u>335,898</u>	<u><b>167,869</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>167,869</u>	<u><b>12,391</b></u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Environmental Services Fund**  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>	\$ -	-	-	-
<b>Expenditures</b>				
Transfers Out	34,476	-	-	-
<b>Cash Receipts Over (Under) Expenditures</b>	(34,476)	-		
<b>Unencumbered Cash - Beginning</b>	34,476	-		
<b>Unencumbered Cash - Ending</b>	\$ -	-		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Convention and Tourism Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Transient Guest Tax	\$ 306,962	<b>286,100</b>	200,000	86,100
Interest Income	7,919	<b>5,751</b>	4,000	1,751
<b>Total Cash Receipts</b>	<u>314,881</u>	<u><b>291,851</b></u>	<u>204,000</u>	<u>87,851</u>
<b>Expenditures</b>				
Personal Services	26,411	<b>27,043</b>	35,355	(8,312)
Contractual Services	87,629	<b>109,885</b>	109,400	485
Commodities	9,359	<b>7,018</b>	7,850	(832)
Capital Outlay	74,232	<b>84,710</b>	95,000	(10,290)
<b>Total Expenditures</b>	<u>197,631</u>	<u><b>228,656</b></u>	<u>247,605</u>	<u>(18,949)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	117,250	<b>63,195</b>		
<b>Unencumbered Cash - Beginning</b>	355,066	<b>519,316</b>		
<b>Prior Year Cancelled Encumbrances</b>	<u>47,000</u>	<u>-</u>		
<b>Unencumbered Cash - Ending</b>	<u>\$ 519,316</u>	<u><b>582,511</b></u>		

The notes to the financial statements are an integral part of this statement.



**CITY OF PRATT, KANSAS**  
**Alcohol and Drug Safety Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Interest Income	\$ 152	<b>67</b>	-	67
<b>Expenditures</b>				
Contractual Services	1,534	-	-	-
Capital Outlay	193	-	-	-
Transfers Out	-	-	1,427	(1,427)
<b>Total Expenditures</b>	<b>1,727</b>	<b>-</b>	<b>1,427</b>	<b>(1,427)</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(1,575)</b>	<b>67</b>		
<b>Unencumbered Cash - Beginning</b>	<b>9,427</b>	<b>7,852</b>		
<b>Unencumbered Cash - Ending</b>	<b>\$ 7,852</b>	<b>7,919</b>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Fire Fighting Equipment Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 34,673	<b>37,942</b>	37,198	744
Delinquent	201	<b>520</b>	-	520
Motor Vehicle	5,026	<b>5,633</b>	6,124	(491)
Interest Income	439	<b>228</b>	-	228
<b>Total Cash Receipts</b>	<u>40,339</u>	<u><b>44,323</b></u>	<u>43,322</u>	<u>1,001</u>
<b>Expenditures</b>				
Neighborhood Revitalization Rebate	5,255	<b>2,125</b>	3,198	(1,073)
Transfers Out	41,225	<b>40,500</b>	40,500	-
<b>Total Expenditures</b>	<u>46,480</u>	<u><b>42,625</b></u>	<u>43,698</u>	<u>(1,073)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(6,141)	<b>1,698</b>		
<b>Unencumbered Cash - Beginning</b>	<u>6,454</u>	<u><b>313</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>313</u>	<u><b>2,011</b></u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Special Police Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Vehicle Inspection Fees	\$ 5,418	<b>5,556</b>	5,000	556
Motor Vehicle Reports	154	<b>880</b>	1,000	(120)
Interest Income	5,437	<b>3,117</b>	1,000	2,117
Miscellaneous Income	75	-	-	-
<b>Total Cash Receipts</b>	<u>11,084</u>	<u><b>9,553</b></u>	<u>7,000</u>	<u>2,553</u>
<b>Expenditures</b>				
Personal Services	3,229	<b>3,946</b>	1,000	2,946
Contractual Services	4,834	<b>4,570</b>	2,500	2,070
Commodities	7,232	<b>6,518</b>	5,000	1,518
Capital Outlay	-	<b>7,778</b>	43,000	(35,222)
Contingencies	2,810	-	-	-
<b>Total Expenditures</b>	<u>18,105</u>	<u><b>22,812</b></u>	<u>51,500</u>	<u>(28,688)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(7,021)	<b>(13,259)</b>		
<b>Unencumbered Cash - Beginning</b>	<u>345,936</u>	<u><b>338,915</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>338,915</u>	<u><b>325,656</b></u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Risk Management Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>	\$ -	-
<b>Expenditures</b>		
Transfers Out	143,580	-
<b>Cash Receipts Over (Under) Expenditures</b>	(143,580)	-
<b>Unencumbered Cash - Beginning</b>	143,580	-
<b>Unencumbered Cash - Ending</b>	\$ -	-

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Employees Health Insurance Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Reimbursed Expenses	\$ -	511	-	511
Interest Income	5,890	-	-	-
<b>Total Cash Receipts</b>	5,890	511	-	511
<b>Expenditures</b>				
Transfers Out	60,365	312,587	312,587	-
<b>Cash Receipts Over (Under) Expenditures</b>	(54,475)	(312,076)		
<b>Unencumbered Cash - Beginning</b>	372,952	318,477		
<b>Unencumbered Cash - Ending</b>	\$ 318,477	6,401		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Special Parks and Recreation Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Alcohol Liquor Tax	\$ 14,940	<b>13,755</b>	15,549	(1,794)
Interest Income	1,881	<b>1,211</b>	-	1,211
<b>Total Cash Receipts</b>	16,821	<b>14,966</b>	<u>15,549</u>	<u>(583)</u>
<b>Expenditures</b>				
Capital Outlay	-	<b>40,000</b>	<u>40,000</u>	<u>-</u>
<b>Cash Receipts Over (Under) Expenditures</b>	16,821	<b>(25,034)</b>		
<b>Unencumbered Cash - Beginning</b>	<u>108,348</u>	<u><b>125,169</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>125,169</u>	<u><b>100,135</b></u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Special Alcohol Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Alcohol Liquor Tax	\$ 14,940	13,755	15,549	(1,794)
Interest Income	52	23	-	23
<b>Total Cash Receipts</b>	14,992	13,778	15,549	(1,771)
<b>Expenditures</b>				
Program Distributions	14,663	15,549	15,549	-
<b>Cash Receipts Over (Under) Expenditures</b>	329	(1,771)		
<b>Unencumbered Cash - Beginning</b>	5,630	5,959		
<b>Unencumbered Cash - Ending</b>	\$ 5,959	4,188		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Capital Equipment Reserve Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 54,816	31,461
Transfers In	482,400	585,900
<b>Total Cash Receipts</b>	537,216	617,361
<b>Expenditures</b>		
Capital Outlay	361,743	710,966
<b>Cash Receipts Over (Under) Expenditures</b>	175,473	(93,605)
<b>Unencumbered Cash - Beginning</b>	3,123,548	3,299,021
<b>Unencumbered Cash - Ending</b>	\$ 3,299,021	3,205,416

The notes to the financial statements are an integral part of this statement.



**CITY OF PRATT, KANSAS**  
**Special Street Reserves Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 11,576	7,988
Transfers In	320,000	500,000
<b>Total Cash Receipts</b>	331,576	507,988
<b>Expenditures</b>		
Capital Outlay	362,040	117,220
<b>Cash Receipts Over (Under) Expenditures</b>	(30,464)	390,768
<b>Unencumbered Cash - Beginning</b>	729,871	699,407
<b>Unencumbered Cash - Ending</b>	\$ 699,407	1,090,175

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Capital Improvement Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 35,231	18,646
Transfers In	144,000	149,000
<b>Total Cash Receipts</b>	179,231	167,646
<b>Expenditures</b>		
Capital Outlay	965,682	738,359
<b>Cash Receipts Over (Under) Expenditures</b>	(786,451)	(570,713)
<b>Unencumbered Cash - Beginning</b>	2,164,629	1,378,178
<b>Prior Year Cancelled Encumbrances</b>	-	316,676
<b>Unencumbered Cash - Ending</b>	\$ 1,378,178	1,124,141

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Fire Fighting Equipment Reserve Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 1,250	106
Transfers In	41,225	40,500
<b>Total Cash Receipts</b>	42,475	40,606
<b>Expenditures</b>		
Capital Outlay	84,790	49,178
<b>Cash Receipts Over (Under) Expenditures</b>	(42,315)	(8,572)
<b>Unencumbered Cash - Beginning</b>	64,681	22,366
<b>Unencumbered Cash - Ending</b>	\$ 22,366	13,794

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Bond and Interest Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 340,871	<b>383,749</b>	376,899	6,850
Delinquent	2,043	<b>5,176</b>	-	5,176
Motor Vehicle	48,424	<b>55,094</b>	60,201	(5,107)
Special Assessments	22,188	<b>15,419</b>	15,000	419
GO Bond Proceeds	3,319,684	-	-	-
Interest Income	1,930	<b>2,063</b>	-	2,063
Miscellaneous Income	-	<b>2,269</b>	-	2,269
Transfers In	-	<b>25,525</b>	24,875	650
<b>Total Cash Receipts</b>	<u>3,735,140</u>	<u><b>489,295</b></u>	<u>476,975</u>	<u>12,320</u>
<b>Expenditures</b>				
Principal Payments	335,000	<b>350,000</b>	335,000	15,000
Interest Payments	41,634	<b>73,500</b>	89,213	(15,713)
Commissions and Fees	42,433	-	100	(100)
Underwriter Discount	34,320	-	-	-
Original Issue Discount on Bonds	3,597	-	-	-
Transfer to Escrow Agent	3,240,610	-	-	-
Neighborhood Revitalization Rebate	51,663	<b>21,545</b>	32,407	(10,862)
<b>Total Expenditures</b>	<u>3,749,257</u>	<u><b>445,045</b></u>	<u>456,720</u>	<u>(11,675)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(14,117)	<b>44,250</b>		
<b>Unencumbered Cash - Beginning</b>	<u>16,075</u>	<u><b>1,958</b></u>		
<b>Unencumbered Cash - Ending</b>	<u>\$ 1,958</u>	<u><b>46,208</b></u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Main Street Waterline Project Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Loan Proceeds	\$ -	218,133
<b>Expenditures</b>		
Commodities	-	102,582
Capital Outlay	-	115,551
<b>Total Expenditures</b>	-	218,133
<b>Cash Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	-

The notes to the financial statements are an integral part of this statement.

## CITY OF PRATT, KANSAS

## Electric Utility Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2010

(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Electric Use Charges	\$ 8,680,800	<b>9,175,225</b>	12,950,000	(3,774,775)
Sale of Stock Items	2,138	-	-	-
Service Fees	7,544	<b>8,010</b>	-	8,010
Federal Aid	109,847	<b>159,681</b>	-	159,681
State Aid	14,646	<b>21,291</b>	-	21,291
Interest Income	88,864	<b>41,828</b>	80,000	(38,172)
Miscellaneous Income	23,169	<b>62,677</b>	30,000	32,677
Reimbursed Expenses	2,320	<b>272,193</b>	-	272,193
<b>Total Cash Receipts</b>	<b>8,929,328</b>	<b>9,740,905</b>	<b>13,060,000</b>	<b>(3,319,095)</b>
<b>Expenditures</b>				
Management	183,047	<b>193,565</b>	225,484	(31,919)
Production	5,961,618	<b>6,981,545</b>	10,042,034	(3,060,489)
Distribution	1,275,612	<b>1,085,227</b>	1,328,868	(243,641)
Transfers Out	2,185,400	<b>2,136,400</b>	2,136,400	-
<b>Total Expenditures</b>	<b>9,605,677</b>	<b>10,396,737</b>	<b>13,732,786</b>	<b>(3,336,049)</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(676,349)</b>	<b>(655,832)</b>		
<b>Unencumbered Cash - Beginning</b>	<b>4,973,556</b>	<b>4,297,207</b>		
<b>Unencumbered Cash - Ending</b>	<b>\$ 4,297,207</b>	<b>3,641,375</b>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Sanitation Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Refuse Charges	\$ 839,552	<b>832,764</b>	837,000	(4,236)
Interest Income	9,491	<b>4,728</b>	8,000	(3,272)
Miscellaneous Income	243	<b>3,967</b>	-	3,967
<b>Total Cash Receipts</b>	<u>849,286</u>	<u><b>841,459</b></u>	<u>845,000</u>	<u>(3,541)</u>
<b>Expenditures</b>				
Personal Services	370,591	<b>420,763</b>	447,897	(27,134)
Contractual Services	369,537	<b>374,552</b>	369,620	4,932
Commodities	66,425	<b>67,883</b>	84,750	(16,867)
Capital Outlay	22,020	<b>27,938</b>	79,000	(51,062)
Transfers Out	50,000	<b>80,000</b>	80,000	-
<b>Total Expenditures</b>	<u>878,573</u>	<u><b>971,136</b></u>	<u>1,061,267</u>	<u>(90,131)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(29,287)	<b>(129,677)</b>		
<b>Unencumbered Cash - Beginning</b>	<u>561,263</u>	<u><b>531,976</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>531,976</u>	<u><b>402,299</b></u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Wastewater Treatment Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Sewer Service Charges	\$ 699,111	<b>670,503</b>	717,500	(46,997)
Storm Water Fees	38,999	<b>38,618</b>	40,000	(1,382)
Interest Income	11,395	<b>6,559</b>	10,000	(3,441)
Miscellaneous Income	3,370	<b>5,837</b>	-	5,837
<b>Total Cash Receipts</b>	<u>752,875</u>	<u><b>721,517</b></u>	<u>767,500</u>	<u>(45,983)</u>
<b>Expenditures</b>				
Personal Services	249,231	<b>277,787</b>	282,265	(4,478)
Contractual Services	35,622	<b>52,253</b>	59,100	(6,847)
Commodities	98,839	<b>110,741</b>	132,550	(21,809)
Capital Outlay	19,636	-	45,000	(45,000)
Principal Payments	83,496	<b>86,079</b>	86,079	-
Interest Payments	29,718	<b>27,346</b>	27,346	-
Service Fees	2,635	<b>2,424</b>	2,424	-
Sewer Line Maintenance	7,684	<b>6,664</b>	23,500	(16,836)
Contingencies	120	<b>18,000</b>	10,000	8,000
Transfers Out	170,000	<b>188,000</b>	188,000	-
<b>Total Expenditures</b>	<u>696,981</u>	<u><b>769,294</b></u>	<u>856,264</u>	<u>(86,970)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	55,894	<b>(47,777)</b>		
<b>Unencumbered Cash - Beginning</b>	<u>649,825</u>	<u><b>705,719</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>705,719</u>	<u><b>657,942</b></u>		

The notes to the financial statements are an integral part of this statement.



**CITY OF PRATT, KANSAS**  
**Water Utility Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Water Sales	\$ 655,996	<b>679,404</b>	710,000	(30,596)
Interest Income	6,350	<b>3,947</b>	5,000	(1,053)
Miscellaneous Income	15,156	<b>24,172</b>	-	24,172
Reimbursed Expenses	172,571	<b>172,596</b>	172,570	26
<b>Total Cash Receipts</b>	<b>850,073</b>	<b>880,119</b>	<b>887,570</b>	<b>(7,451)</b>
<b>Expenditures</b>				
Personal Services	315,787	<b>334,831</b>	340,995	(6,164)
Contractual Services	42,606	<b>45,874</b>	71,900	(26,026)
Commodities	113,301	<b>115,361</b>	129,363	(14,002)
Capital Outlay	145,969	<b>116,136</b>	164,850	(48,714)
Principal Payments	-	<b>47,275</b>	21,014	26,261
Interest Payments	-	<b>696</b>	24,695	(23,999)
Transfers Out	225,445	<b>229,200</b>	228,550	650
<b>Total Expenditures</b>	<b>843,108</b>	<b>889,373</b>	<b>981,367</b>	<b>(91,994)</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>6,965</b>	<b>(9,254)</b>		
<b>Unencumbered Cash - Beginning</b>	<b>380,003</b>	<b>386,968</b>		
<b>Unencumbered Cash - Ending</b>	<b>\$ 386,968</b>	<b>377,714</b>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Electric Maintenance Reserve Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 4,142	2,852
Transfers In	50,000	50,000
<b>Total Cash Receipts</b>	54,142	52,852
<b>Expenditures</b>	-	-
<b>Cash Receipts Over (Under) Expenditures</b>	54,142	52,852
<b>Unencumbered Cash - Beginning</b>	231,062	285,204
<b>Unencumbered Cash - Ending</b>	\$ 285,204	338,056

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Electric Debt Service Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Interest Income	\$ 2,220	<b>1,879</b>	-	1,879
Transfers In	1,122,500	<b>1,119,000</b>	1,119,000	-
<b>Total Cash Receipts</b>	<u>1,124,720</u>	<u><b>1,120,879</b></u>	<u>1,119,000</u>	<u>1,879</u>
<b>Expenditures</b>				
Principal Payments	760,000	<b>785,000</b>	785,000	-
Interest Payments	362,500	<b>334,000</b>	334,000	-
<b>Total Expenditures</b>	<u>1,122,500</u>	<u><b>1,119,000</b></u>	<u>1,119,000</u>	<u>-</u>
<b>Cash Receipts Over (Under) Expenditures</b>	2,220	<b>1,879</b>		
<b>Unencumbered Cash - Beginning</b>	<u>225,597</u>	<u><b>227,817</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>227,817</u>	<u><b>229,696</b></u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Wastewater Reserve Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 4,642	3,384
Transfers In	75,000	75,000
<b>Total Cash Receipts</b>	79,642	78,384
<b>Expenditures</b>	-	-
<b>Cash Receipts Over (Under) Expenditures</b>	79,642	78,384
<b>Unencumbered Cash - Beginning</b>	252,371	332,013
<b>Unencumbered Cash - Ending</b>	\$ 332,013	410,397

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Water Debt Service Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Interest Income	\$ 1	<b>454</b>	-	454
Transfers In	200,445	<b>166,675</b>	166,675	-
<b>Total Cash Receipts</b>	200,446	<b>167,129</b>	166,675	454
<b>Expenditures</b>				
Principal Payments	115,000	<b>120,000</b>	120,000	-
Interest Payments	69,713	<b>45,175</b>	45,175	-
<b>Total Expenditures</b>	184,713	<b>165,175</b>	165,175	-
<b>Cash Receipts Over (Under) Expenditures</b>	15,733	<b>1,954</b>		
<b>Unencumbered Cash - Beginning</b>	36,000	<b>51,733</b>		
<b>Unencumbered Cash - Ending</b>	\$ 51,733	<b>53,687</b>		

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Water Reserve Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 3,501	1,268
<b>Expenditures</b>		
Capital Outlay	50,000	2,200
<b>Cash Receipts Over (Under) Expenditures</b>	(46,499)	(932)
<b>Unencumbered Cash - Beginning</b>	209,970	163,471
<b>Unencumbered Cash - Ending</b>	\$ 163,471	162,539

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Water Debt Reserve Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 5,926	2,329
<b>Expenditures</b>		
Principal Payments	135,906	-
<b>Cash Receipts Over (Under) Expenditures</b>	(129,980)	2,329
<b>Unencumbered Cash - Beginning</b>	379,260	249,280
<b>Unencumbered Cash - Ending</b>	\$ 249,280	251,609

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Park Improvement Trust Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Donations	\$ -	30
Interest Income	2,142	1,220
<b>        Total Cash Receipts</b>	2,142	1,250
<b>Expenditures</b>	-	-
<b>Cash Receipts Over (Under) Expenditures</b>	2,142	1,250
<b>Unencumbered Cash - Beginning</b>	128,431	130,573
<b>Unencumbered Cash - Ending</b>	\$ 130,573	131,823

The notes to the financial statements are an integral part of this statement.



**CITY OF PRATT, KANSAS**  
**Cemetery Trust Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Donations	\$ 764	2,647
Interest Income	6,416	4,246
<b>Total Cash Receipts</b>	7,180	6,893
<b>Expenditures</b>		
Commodities	9,150	4,182
<b>Cash Receipts Over (Under) Expenditures</b>	(1,970)	2,711
<b>Unencumbered Cash - Beginning</b>	394,558	392,588
<b>Unencumbered Cash - Ending</b>	\$ 392,588	395,299

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Recreation Trust Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Donations	\$ 2,526	1,224
Interest Income	6,207	2,182
Miscellaneous Income	18,684	32,120
<b>Total Cash Receipts</b>	<u>27,417</u>	<u>35,526</u>
<b>Expenditures</b>		
Contractual Services	8,709	-
Commodities	11,461	18,572
Capital Outlay	-	137,647
<b>Total Expenditures</b>	<u>20,170</u>	<u>156,219</u>
<b>Cash Receipts Over (Under) Expenditures</b>	7,247	(120,693)
<b>Unencumbered Cash - Beginning</b>	<u>309,782</u>	<u>317,029</u>
<b>Unencumbered Cash - Ending</b>	<u>\$ 317,029</u>	<u>196,336</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
**Agency Funds**  
Summary of Cash Receipts and Cash Disbursements  
For the Year Ended December 31, 2010

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
<b>Agency Funds</b>				
Sales Tax	\$ 89	266,006	266,020	75
Customer Deposits	92,263	52,879	50,872	94,270
<b>Total Agency Funds</b>	\$ 92,352	318,885	316,892	94,345

The notes to the financial statements are an integral part of this statement.

**CITY OF PRATT, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**City of Pratt, Kansas** has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

**Reporting Entity**

The City is a municipal corporation governed by an elected five-member commission. The financial statements of the City consist of all the funds of the City that are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The City has no component units.

**Use of Estimates**

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

**Basis of Presentation – Fund Accounting**

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the City for the year ended December 31, 2010.

**Governmental Fund Categories**

**General Fund** – to account for all financial resources except those required to be reported in another fund.

**Special Revenue Funds** – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

**Debt Service Fund** – to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Capital Project Fund** – to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Proprietary Fund Category**

**Enterprise Funds** – to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs of providing goods or services to

**CITY OF PRATT, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Fund Categories**

**Private Purpose Trust Funds** – to account for assets held by the City as trustee or agent for others. The principal and income of these funds may be expended in the course of the fund's designated operations.

**Agency Funds** – to account for assets held by the City as trustee or agent for others.

**Statutory Basis of Accounting**

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the statutory basis of accounting.

**Departure From Accounting Principles Generally Accepted in the United States of America**

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

**Budgetary Information**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

**CITY OF PRATT, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds: Capital Equipment Reserve Fund, Capital Improvement Fund, Risk Management Fund, Fire Fighting Equipment Reserve Fund, and Special Street Reserves Fund.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**Deposits and Investments**

The City follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

**CITY OF PRATT, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

K.S.A. 12-1675 limits the City's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk**

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not use "peak periods". All deposits were legally secured at December 31, 2010.

At December 31, 2010, the City's carrying amount of deposits was \$17,618,576 and the bank balance was \$17,858,066. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$757,580 was covered by federal depository insurance and \$17,100,486 was collateralized with securities held by pledging financial institutions' agents in the City's name.

**Custodial Credit Risk – Investments**

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2010.

**Compensated Absences**

**Vacation**

The City's policy regarding vacation for all regular full-time employees is as follows:

<u>Years Worked</u>	<u>Amount Earned</u>
0-1	3.33 Hours/Month
2-9	6.67 Hours/Month
10-14	10.00 Hours/Month
15-29	10.00 Hours/Month (plus 1 day for each year over 15 years)
30 and over	20.00 Hours/Month

Vacation earned may not be taken until the employee completes one full year of continuous service. Unused vacation days may not be carried over to the following year.

**Discretionary Leave**

Each employee, after the completion of their probationary period, shall be entitled to two days discretionary leave.

**CITY OF PRATT, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Sick Leave**

The **City of Pratt, Kansas'** policy for sick leave permits all full-time employees to earn sick leave at the rate of 8 working hours per calendar month. Employees retiring from the service of the City shall be compensated for unused sick leave at the following rate;

1. Employees retiring who have served the City for less than five continuous years shall receive no compensation for unused sick leave.
2. Employees retiring from the City who have served five or more continuous years and who have a minimum of 50 days of unused accumulated sick leave will be compensated at their hourly rate for up to a maximum of 20 days.

A potential liability for accumulated vacation, sick leave and discretionary leave is shown on the schedule of long-term debt.

**Defined Benefit Pension Plan**

**Plan Description**

The City contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

**Funding Policy**

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2010 was 7.14% and 12.52% for KPERS retirees. The City's employer contributions to KPERS for the years ending December 31, 2010, 2009 and 2008 were \$281,229, \$204,499, and \$193,407, respectively, equal to the required contributions for each year as set forth by the legislature.

**Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.



**CITY OF PRATT, KANSAS**  
Notes to Financial Statements  
December 31, 2010

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property Tax Calendar**

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

**Restricted Assets**

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the trust and agency funds of the City for special purposes.

**City of Pratt, Kansas**, along with eight other Cities, entered into an agreement with the Kansas Municipal Energy Agency (KMEA) on March 14, 2008. These nine Cities i.e. (Joint Operating Committee) agree to operate as Energy Management Project No. 2 (EMP2). KMEA established a line of credit facility with Marshall & Ilsley Bank, (the "Lender") that required the Cities to fund an interest bearing deposit account at the Lender in an amount equal to 10% of the line of credit borrowing limit. The Cities were required to fund \$50,000 per month until a total of \$200,000 cash deposit is reached. The agreement will terminate on March 31, 2011 subject to extension by agreement between the Lender and KMEA with the approval of the Joint Operating Committee. The City has \$54,320 in deposits held at Marshall & Ilsley Bank that are restricted per the agreement as of December 31, 2010.

**Reimbursements**

The City records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures (or expenses) are properly offset by the reimbursements.

**NOTE 2 – INTERFUND TRANSFERS**

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Pratt, Kansas'** interfund transfers and statutory authority for the year ended December 31, 2010 were as follows:

From	To	Statutory Authority	Amount
General Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	\$ 112,000
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	34,000
General Fund	Special Street Reserves Fund	K.S.A. 12-197	500,000
Cemetery Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	8,000
Noxious Weed Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	1,000
Special Highway Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	32,500
Fire Fighting Equipment Fund	Fire Fighting Equipment Reserve Fund	K.S.A. 12-1,117	40,500
Employee Health Insurance Fund	General Fund	K.S.A. 12-825d	312,587
Electric Utility Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	322,400

**NOTE 2 – INTERFUND TRANSFERS (continued)**

**CITY OF PRATT, KANSAS**  
Notes to Financial Statements  
December 31, 2010

From	To	Statutory Authority	Amount
Electric Utility Fund	Capital Improvement Fund	K.S.A. 12-1,117	\$ 45,000
Electric Utility Fund	Electric Debt Service Fund	K.S.A. 12-1,117	1,119,000
Electric Utility Fund	General Fund	K.S.A. 12-825d	600,000
Electric Utility Fund	Electric Maintenance Reserve Fund	K.S.A. 12-1,117	50,000
Sanitation Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	30,000
Sanitation Fund	General Fund	K.S.A. 12-825d	50,000
Wastewater Treatment Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	43,000
Wastewater Treatment Fund	Wastewater Reserve Fund	K.S.A. 12-1,117	75,000
Wastewater Treatment Fund	Capital Improvement Fund	K.S.A. 12-1,118	70,000
Water Utility Fund	Capital Equipment Reserve Fund	K.S.A. 12-1,117	37,000
Water Utility Fund	Bond and Interest Fund	K.S.A. 12-1,117	25,525
Water Utility Fund	Water Debt Service Fund	K.S.A. 12-825d	166,675

**NOTE 3 – CAPITAL PROJECTS**

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project Authorization	Cash Disbursements and Accounts Payable To Date
Main Street Project	\$ 1,292,927	\$ 676,220
Wastewater Project	448,989	21,525

**NOTE 4 – LITIGATION**

**City of Pratt, Kansas** is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

**NOTE 5 – RISK MANAGEMENT**

**City of Pratt, Kansas** carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, umbrella, linebacker, workers compensation, fidelity, and employee benefit. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CITY OF PRATT, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 6 – GRANTS AND SHARED REVENUES**

**City of Pratt, Kansas** participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

**NOTE 7 – COMPARATIVE DATA**

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **City of Pratt, Kansas'** cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

During 2010 the City purchased printing services from Taylor Printing and supplies and materials from Skaggs Ace Hardware approximating \$22,700 and \$21,400, respectively. Owners of each business are City Commissioners.

**NOTE 9 – DEBT RESTRICTIONS AND COVENANTS**

**KDHE Wastewater Treatment Loan**

**City of Pratt, Kansas** entered into a loan agreement with the Kansas Department of Health and Environment to fund the improvements to the wastewater treatment plant in the amount of \$1,810,689. The City is in compliance as of December 31, 2010.

**KDHE Water Supply Loan**

**City of Pratt, Kansas** entered into a loan agreement with the Kansas Department of Health and Environment to fund the improvements to the main street waterline in the amount of \$1,292,927. The City is in compliance as of December 31, 2010.

**Net Operating Revenue Requirements**

The 2005 General Obligation Electric Utility System and the 2009 Series B General Obligation refunding bonds require that the City will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the system as will produce revenues sufficient to enable the City to have in each year, a debt coverage ratio of not less than 1.25 on all parity bonds and parity obligations at the time outstanding; and 1.10 on any subordinate lien bonds. The City was in compliance with this requirement as of December 31, 2010 as the debt service ratios were as follows:

2005	General Obligation Electric Utility System Refunding Bonds	1.32
2009	General Obligation Electric Utility System Refunding Bonds	7.83

**CITY OF PRATT, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 10 – LONG-TERM DEBT**

**City of Pratt, Kansas** has the following types of long-term debt.

**General Obligation Bond**

On September 1, 2005, the City issued \$11,165,000 in Electric Utility System Refunding Bonds - Series 2005, for the purpose of refunding \$2,840,000 in Electric Utility System Refunding Bonds, Series 1997 and \$8,500,000 in Electric Utility System Bonds, Series 2001-1 bonds. Also, the available monies were used to defease \$1,410,000 in Electric Utility System Refunding and Improvement Revenue Bonds, Series 1992.

On July 21, 2009, the City issued Series A 2009 and Series B 2009 general obligation refunding bonds of \$2,390,000 and \$730,000, respectively, for the purpose of refunding \$805,000 in Series 1998 General Obligation Bonds, \$1,500,000 in Series A 2001 General Obligation Bonds, and \$729,094 in Series 2002 Water Utility System Revenue Bonds.

**Revenue Bond**

On September 6, 2006, the City issued \$1,205,000 in Water Series 2006 revenue bonds to advance refund \$730,000 of Water Utility System Revenue Bonds, Series 2002.

**KDHE Revolving Loan**

The City enacted a \$1,909,000 revolving loan agreement on March 17, 1998 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance the wastewater treatment improvements. This loan was amended on November 28, 2007 to reduce the amount of the loan to \$1,810,689 and changing the semi-annual payment from \$64,221 to \$57,924.

The City enacted a \$1,292,927 revolving loan agreement on December 22, 2008 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance the main street waterline improvements. As of December 31, 2010, \$218,133 has been advanced on the loan as the project is not complete at year end.

**KDOT Revolving Loan**

The City enacted a loan with the Kansas Department of Transportation on December 20, 2004 and received total loan proceeds in the amount of \$437,954. These proceeds were used to finance the Fincham and 10<sup>th</sup> street projects.

**Lease Obligations**

The City has entered into a lease agreement with an option to purchase at the expiration of the lease terms. The lease contains a fiscal funding clause.

**CITY OF PRATT, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 10 – LONG-TERM DEBT (continued)**

**Bond Refunding**

On September 1, 2005, **City of Pratt, Kansas** issued general obligation bonds of \$11,165,000 (par value) Electric Refunding Series 2005 with an interest rate of 2.875 - 5.0% to advance refund term bonds. One set of refunded bonds had an interest rate of 6.60% and a par value of \$1,410,000. The second set of refunded bonds had interest rates from 3.75 - 5.00%, a par value of \$2,840,000, and are callable on November 1, 2005. The third set of refunded bonds had interest rates of 3.0 - 5.25%, a par value of \$8,500,000, and are callable on May 1, 2010. The general obligation bonds were issued at a premium and, after paying issuance costs, the net proceeds were \$11,134,089. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until term bonds are called. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the City's financial statements.

On September 6, 2006, the City issued revenue bonds of \$1,205,000 (par value) Water Series 2006 with an interest rate of 4.375 - 4.75% to advance refund term bonds. One set of refunded bonds had an interest rate of 2.30 - 2.950% and a par value of \$335,000. The second set of refunded bonds had interest rates from 3.10 - 3.50%, a par value of \$395,000, and are callable on October 1, 2008. The revenue bonds were issued at premium and, after paying issuance costs, the net proceeds were \$1,165,837. The net proceeds from the issuance of the revenue bonds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until term bonds are called. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the City's financial statements. The result of the advance refunding did not result in an economic gain to the City.

On July 15, 2009, the City issued Series A general obligation refunding bonds of \$2,390,000 (par value) with an interest rate of 2.50 - 3.00% to advance refund term bonds. The Series A refunding bonds mature on September 1, 2016, and are callable on September 1, 2015. The Series A bonds were issued at a premium, and, after paying issuance costs of \$57,849, the net proceeds were \$2,353,066. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until term bonds are called. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the City's financial statements. As a result of the advance refunding, the economic gain to the City (difference between the present value of the debt service payments on the old and new debt) was \$90,480.

On July 15, 2009, the City issued Series B general obligation refunding bonds of \$730,000 (par value) with an interest rate of 2.50 - 3.25% to advance refund term bonds. The Series B refunding bonds mature on September 1, 2017, and are callable on September 1, 2015. The Series B bonds were issued at a discount, and, after paying issuance costs of \$13,820, the net proceeds were \$716,180. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until term bonds are called. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the City's financial statements. As a result of the advance refunding, the economic gain to the City (difference between the present value of the debt service payments on the old and new debt) was \$36,787.

**CITY OF PRATT, KANSAS**  
Notes to Financial Statements  
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**NOTE 10 - LONG-TERM DEBT (continued)**

Changes in long-term liabilities for the City for the year ended December 31, 2010, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>										
Series 2005 Electric Refunding	2.875 - 5.00%	09/2005	\$ 11,185,000	2018	\$ 8,275,000	-	785,000	-	7,490,000	334,000
Series A 2009 Refunding	2.50 - 3.00%	07/2009	2,390,000	2016	2,055,000	-	345,000	-	1,710,000	52,975
Series B 2009 Refunding	2.50 - 3.25%	07/2009	730,000	2017	730,000	-	5,000	-	725,000	20,525
<b>Revenue Bonds</b>										
Water Utility System Revenue Bonds - Series 2006	4.375 - 4.75%	09/2006	\$ 1,205,000	2016	980,000	-	120,000	-	860,000	45,175
<b>KDHE Loans</b>										
Kansas Water Pollution Control Revolving Loan Fund - C20 1436 01	3.07%	03/1998	\$ 1,810,689	2019	991,060	-	86,078	-	904,982	27,346
Kansas Water Supply Loan Fund Project No. 2528	3.82%	12/2008	1,292,927	2030	-	218,133	47,275	-	170,858	638
<b>KDOT Loan</b>										
Kansas Transportation Revolving Loan Fund - TR-0011	3.87%	12/2004	\$ 437,954	2014	204,379	-	60,276	-	144,103	7,399
<b>Capital Lease Payable</b>										
Fire Truck	4.45%	12/2001	\$ 189,975	2011	43,437	-	22,017	-	21,420	1,933
<b>Total Contractual Indebtedness</b>										
					13,278,876	218,133	1,470,646		12,026,363	489,991
<b>Compensated Absences</b>										
	N/A	N/A	N/A	N/A	121,696			10,221	131,917	
<b>Total Long-Term Debt</b>										
					\$ 13,400,572	218,133	1,470,646	10,221	12,158,280	489,991

**CITY OF PRATT, KANSAS**  
Notes to Financial Statements  
December 31, 2010

**NOTE 10 - LONG-TERM DEBT (continued)**

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	YEAR							
	2011	2012	2013	2014	2015	2016-2020	2021-2025	Total
<b>Principal</b>								
General Obligation Bonds	\$ 1,170,000	1,210,000	1,365,000	1,260,000	1,300,000	3,620,000	-	9,925,000
Revenue Bonds	125,000	135,000	140,000	145,000	155,000	160,000	-	860,000
KDHE Loans	132,093	136,665	141,398	132,483	100,243	432,958	-	1,075,840
KDOT Loan	62,609	65,032	16,462	-	-	-	-	144,103
Capital Lease Payable	21,420	-	-	-	-	-	-	21,420
<b>Total Principal</b>	<b>1,511,122</b>	<b>1,546,697</b>	<b>1,662,860</b>	<b>1,537,483</b>	<b>1,555,243</b>	<b>4,212,958</b>	-	<b>12,026,363</b>
<b>Interest</b>								
General Obligation Bonds	369,312	333,950	291,025	243,775	199,763	277,638	5,038	1,720,501
Revenue Bonds	39,835	34,210	28,068	21,627	14,885	7,600	-	146,225
KDHE Loans	73,077	68,882	64,538	60,041	14,335	27,959	-	308,832
KDOT Loan	5,217	2,950	595	-	-	-	-	8,762
Capital Lease Payable	953	-	-	-	-	-	-	953
<b>Total Interest</b>	<b>488,394</b>	<b>439,992</b>	<b>384,226</b>	<b>325,443</b>	<b>228,983</b>	<b>313,197</b>	<b>5,038</b>	<b>2,185,273</b>
<b>Total Principal and Interest</b>	<b>\$ 1,999,516</b>	<b>1,986,689</b>	<b>2,047,086</b>	<b>1,862,926</b>	<b>1,784,226</b>	<b>4,526,155</b>	<b>5,038</b>	<b>14,211,636</b>